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INTERIM STUDY COMMITTEE ON MORTGAGE LENDING PRACTICES AND HOME LOAN FORECLOSURES

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MEETING MINUTES[1]

Meeting Date: October 11, 2007
Meeting Time: 10:00 A.M.
Meeting Place: State House, 200 W. Washington St., Senate Chambers
Meeting City: Indianapolis, Indiana
Meeting Number: 3

Members Present: Sen. Connie Lawson, Chairperson; Sen. Allen Paul; Sen. Greg Walker; Sen. Timothy Lanane; Sen. Richard Young; Rep. Jeb Bardon, Vice-Chairperson; Rep. Matt Pierce; Rep. Joseph Micon; Rep. Michael Murphy; Rep. Woody Burton; Rep. Randy Borror.

Members Absent: Sen. Frank Mrvan.

Senator Connie Lawson, Chair of the Interim Study Committee on Mortgage Lending Practices and Home Loan Foreclosures, called the meeting to order at 10:18 a.m. Senator Lawson announced that the meeting's agenda would include a discussion of: (1) criminal investigations of mortgage fraud; (2) regulatory and educational solutions to mortgage fraud and foreclosures; (3) the impact of mortgage fraud and foreclosures on consumers; and (4) the Committee's recommendations for the interim.

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[1] Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of $0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is http://www.in.gov/legislative/. No fee is charged for viewing, downloading, or printing minutes from the Internet.

(1) Criminal Investigations of Mortgage Fraud:

Senator Lawson continued the discussion of mortgage fraud from the Committee's September meeting by inviting Sergeant Chuck Cohen from the Criminal Intelligence Section of the Indiana State Police (ISP) to address the Committee. As did previous speakers on the topic, Sergeant Cohen stressed the complexity of investigating and prosecuting suspected mortgage fraud. He reported that the investigation phase alone can take up to two years. Noting that mortgage fraud cases are document intensive, Sergeant Cohen described one case in which the ISP used $30,000 in Department of Justice funding just to find and obtain the relevant documents.

Given the large number of records involved in the typical mortgage fraud case, Sergeant Cohen argued that there is a need for a statewide database for tracking mortgage documents and storing statistics on brokers and lenders. He pointed out that the existing loan broker statute (IC 23-2-5) requires brokers to maintain records for only two years. As a result, many documents are disposed of or destroyed before investigators can request them. When asked by Representative Bardon about what type of statistics would be helpful to his unit, Sergeant Cohen indicated that he would like data on the average loan-to-value (LTV) ratios of the loans originated by particular brokers.

Representative Burton asked whether the ISP cooperates with the Attorney General's Office in investigating cases of mortgage fraud. Sergeant Cohen indicated that his unit has not received referrals from the Attorney General's Office. He suggested that the lack of referrals was due to the fact that the Attorney General pursues civil actions, which involve an entirely different standard of proof. However, he noted that the ISP does receive criminal cases referred by the Secretary of State's Office. At that point, David Miller, Legislative Consultant for the Attorney General's Office, provided further clarification on the role of the Attorney General by explaining that the Office pursues both civil and criminal investigations of mortgage fraud. However, because the Office has its own investigatory unit and also collaborates with local prosecutors, it has not needed to use the resources of the ISP.

Representative Pierce asked Sergeant Cohen whether he favored the establishment of a single Department of Real Estate to regulate residential real estate transactions. Sergeant Cohen reserved comment on that idea, but did suggest that it would be helpful if all of the statutes related to such transactions were consolidated into a single article in the Indiana Code. He argued that the existing statutory structure, in which various provisions concerning these transactions are spread throughout the Code, has created legal defenses for those accused of fraud. He argued that the accused can "pick and choose" which of these various provisions apply to them, based on which are most favorable to their particular circumstances.

(2) Regulatory and educational solutions to address mortgage fraud and foreclosures:

(A) Turning to potential solutions to the problems of mortgage fraud and foreclosures, Senator Lawson asked for comments from Dr. John Weicher, Director of the Center for Housing and Financial Markets at the Hudson Institute.[2] Dr. Weicher indicated that he would provide additional information on subprime lending and would describe three approaches to addressing the problems in the subprime market.

[2]See Exhibit 1.

Dr. Weicher explained that before joining the Hudson Institute, he held several positions at the U.S. Department of Housing and Urban Development (HUD) in which he was directly involved with the Federal Housing Administration (FHA) mortgage insurance program. While at HUD, Dr. Weicher witnessed the number of FHA-insured loan originations decline as the number of subprime loan originations increased. This trend was especially notable during the period from 2004 through the third quarter of 2006. Dr. Weicher also observed a shift in the types of subprime loans originated and the risks associated with them. Ten years ago, most subprime loans involved debt consolidation or refinancings, with only 5% of subprime loans representing home-purchase loans. However, over the years, subprime loans increasingly became used for home purchases, with home-purchase loans accounting for 44% of the subprime market in 2006.

As the number and types of subprime loans have changed over the past decade, the risks associated with these loans have increased. Dr. Weicher stressed that the increased risks are not primarily due to higher LTV ratios. In fact, in 2006 only about 15-20% of subprime loans had LTVs greater than 90%. Rather, the greater risks associated with subprime loans are due to factors such as large prepayment penalties and loans requiring little or no documentation to support the borrower's ability to repay the loan. According to Dr. Weicher, these "low-doc" or "no-doc" loans accounted for 40% of all subprime mortgages originated in 2006. However, he noted that the most significant risks have been associated with subprime adjustable rate mortgages (ARMs), many of which offer low introductory rates for a period of two to three years, followed by a rate adjustment resulting in much higher monthly payments for the borrower. According to Dr. Weicher, 75% of the subprime loans originated in 2006 were ARMs. He argued that subprime ARMs are the loans with which legislators should be concerned, since they are associated with rising rates of delinquencies and foreclosures.

Having outlined the evolution and risks of subprime loans, Dr. Weicher reported on three measures that have been undertaken at the national level to address the problems in the subprime market: (1) loan forbearance; (2) consumer counseling; and (3) refinancing subprime loans into FHA-insured loans.

First, in April 2007, the federal financial regulatory agencies issued guidance to lenders that are financial institutions,[3] encouraging them to offer forbearance or pursue workout arrangements with homeowners unable to make their mortgage payments, particularly those borrowers with subprime ARMs.

In addition to recommending forbearance, the guidance also urged lenders to offer home ownership counseling to borrowers. Dr. Weicher explained that HUD maintains a list of approved counselors and provides funding to counseling agencies. In Indiana, there are 50 HUD-approved counseling agencies, including 10 in Indianapolis. According to Dr. Weicher, data collected by FHA on FHA-insured loans have indicated that those borrowers who receive home ownership counseling are significantly less likely to default on their loans. These findings, in turn, led Congress to approve substantial funding increases for housing counseling.

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[3]The federal financial regulatory agencies include the Office of Thrift Supervision (OTS), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Association (NCUA), and the Federal Reserve Board. In April 2007, the agencies issued the "Interagency Statement on Working with Borrowers," in which they encouraged financial institutions to work constructively with residential borrowers in default or whose default is reasonably foreseeable.

Finally, in late August, President Bush announced the "FHA Secure" program to help subprime ARM borrowers unable to make their mortgage payments following an interest rate adjustment. Before this program, FHA would not insure new loans for homeowners delinquent on their existing mortgages. Under FHA Secure, however, FHA will insure new loans for borrowers unable to make the payments on their existing mortgages after an interest rate reset occurring between June 2005 and December 2008, as long as the borrower has a history of on-time mortgage payments before the reset. Still, in order to receive a new FHA-insured loan, the borrower must otherwise meet FHA's standard underwriting criteria, including having 3% of the home's value in cash or equity and sufficient income to make the mortgage payments.

In discussing FHA Secure, Dr. Weicher cautioned that in markets with little price appreciation, including many of the markets in Indiana, borrowers with loans having 100% LTV ratios may not have built up the required 3% equity, even after making timely payments for a number of years. Additionally, the insurance premiums charged by FHA for the refinanced loans will be risk-rated, meaning that the highest premiums will apply to the borrowers posing the greatest risk of default—the same borrowers who can least afford these higher costs. Still, despite these limitations, Dr. Weicher predicted that FHA Secure would help a substantial number of recent subprime home buyers.

Following Dr. Weicher's formal presentation, Representative Murphy asked whether most home ownership counseling occurs too late in the process—i.e., after a home buyer has defaulted on a loan. He wondered whether more educational efforts need to be directed to consumers at the front end of the mortgage process, before they enter into a loan contract. Dr. Weicher reported that most of the counseling that is currently offered is, in fact, pre-purchase counseling, rather than delinquency counseling. Dr. Weicher suggested that now there is a greater need for more back-end counseling, due to the increased number of loan delinquencies.

Returning to the issue of loan forbearance, Senator Walker suggested that loan forbearance may be good public policy in that it will allow more homeowners to stay in their homes. However, he questioned whether it represents good financial policy, in that it could inject uncertainty into the market, given the large number of mortgage backed securities. Dr. Weicher acknowledged that Wall Street has viewed mortgage forbearance as a "ticking time bomb," that simply delays a borrower's default to an unknown time in the future. Dr. Weicher stated that he did not agree with this assessment, noting that there is evidence that forbearance benefits lenders, as well as borrowers, by preventing foreclosures. He noted that lenders lose 30¢ to 40¢ on each dollar invested in a home whenever a home enters foreclosure.

(B) Following Dr. Weicher's discussion of federal efforts to address mortgage foreclosures, Senator Lawson turned to John Ryan, Executive Vice President of the Conference of State Bank Supervisors (CSBS), for information on actions taken by the states.[4] Mr. Ryan announced that he would highlight recent efforts by state regulators to develop the following: (1) a nationwide licensing system for mortgage professionals; (2) uniform education and testing requirements for mortgage professionals; and (3) simplified disclosure forms for consumers. He indicated he would also describe several joint initiatives by state and federal regulators.

First, Mr. Ryan reported that CSBS had partnered with the American Association of Residential Mortgage Regulators (AARMR) to create a nationwide mortgage licensing

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[4]See Exhibit 2.

system. The web-based system will provide uniform and streamlined state licensing procedures for brokers and lenders by allowing them to apply for or renew a license with participating state agencies. Scheduled to launch on January 1, 2008, the system will create a single record for every state-licensed mortgage company, branch, and individual. These records will be shared among all participating states, allowing regulators to track companies and individuals over time and across state lines. Thirty-eight states, including Indiana have announced their intent to participate in the system by the end of 2009. Additionally, the nationwide system will provide consumers with access to a central repository of information on the licensing status of brokers and lenders, including information on publicly adjudicated enforcement actions.

Next, Mr. Ryan described an initiative by CSBS and AARMR to assist states in developing uniform education and testing requirements for mortgage professionals. Introduced in early 2007, the Mortgage Industry Nationwide Uniform Testing and Education Standards (MINUTES) are currently used in 23 states. Mr. Ryan explained that MINUTES will ensure that licensed mortgage providers are held to the same standards and expectations, regardless of the state in which they do business.

In addition to their efforts to address the licensing process and professional standards for mortgage professionals, the states have recognized the need of consumers for timely, essential information from lenders before closing on a mortgage loan. Accordingly, CSBS proposed at a recent Federal Reserve hearing the adoption of a simplified, one-page disclosure document to provide prospective borrowers with the critical information they need to make informed decisions about loans.

Turning to cooperative efforts by state and federal regulators, Mr. Ryan mentioned the Interagency Guidance on Nontraditional Mortgage Product Risks adopted by the federal financial regulatory agencies in October 2006. In order to ensure that these same underwriting and consumer protection standards would apply to mortgage providers not affiliated with financial institutions, CSBS and AARMR adopted parallel guidance for nondepository institutions. According to Mr. Ryan, 38 states, including Indiana, have adopted these guidelines. Similarly, when the federal agencies issued their Statement on Subprime Mortgage Lending in June 2007, CSBS and AAMR, along with the National Association of Consumer Credit Administrators (NACCA), followed suit with a parallel statement for state-supervised mortgage providers. Indiana has again adopted this parallel statement, and it is anticipated that all 50 states will do so.

Additionally, CSBS has joined with the Federal Reserve, the Office of Thrift Supervision, and the Federal Trade Commission to conduct targeted consumer-protection compliance reviews of selected nondepository lenders with significant subprime mortgage operations. Mr. Ryan announced that this pilot program will begin in the fourth quarter of 2007 and will focus on nondepository subsidiaries of bank and thrift holding companies, along with the mortgage brokers doing business with them.

Representative Murphy asked whether Indiana would be preempted by federal law or regulations if it passed legislation requiring lenders to offer forbearance to borrowers before they could initiate foreclosure proceedings. Mr. Ryan indicated that the federal agencies' guidance concerning forbearance does not have the force of law; rather, in making rating decisions for the institutions they regulate, the federal agencies will consider an institution's compliance with the guidelines. Mr. Ryan noted that foreclosure procedures are a matter of state law, so states could conceivably enact the type of legislation described by Representative Murphy.

Representative Pierce similarly inquired about states' authority to enact legislation to address prepayment penalties. Mr. Ryan noted that several states, including Indiana, have passed laws to limit or ban prepayment penalties for subprime or other high cost home loans. These laws are preempted to the extent that they do not apply to federally regulated financial institutions.

(C) Following Mr. Ryan's remarks, Judith Ripley, Commissioner of the Department of Financial Institutions (DFI), outlined a number of proposals for consideration by the 2008 General Assembly.[5] Among the proposals Ms. Ripley highlighted were several that had been supported by other speakers before the Committee, including legislation to require lenders to provide borrowers with a one-page disclosure document, similar to the one proposed by CSBS. She also urged legislators to require all appraisers and brokers to undergo criminal background checks by the FBI, as had been recommended by the Securities Commissioner with respect to loan brokers. As had been suggested by Donna Eide and Gary Avery in September, Ms. Ripley encouraged lawmakers to require a mortgage document containing certain information, including the names and license numbers of all professionals involved in the transaction, to be filed with the county recorder. She also asked lawmakers to give the DFI the authority to regulate nondepository first mortgage lenders, to prevent this group of lenders from remaining unregulated in Indiana. To hold all lenders and brokers to the highest standards, she recommended legislation to codify the guidelines for nontraditional and subprime lending adopted by the DFI.

After Ms. Ripley had discussed several of these proposals, Representative Murphy noted that many borrowers do not read the documents they receive at real estate closings. He argued that for closing documents to be read and understood by borrowers, they must be made available to them before the closing. Ms. Ripley explained that federal law allows a borrower to request the HUD-1 Settlement Statement one day before the closing. However, she pointed out that many borrowers do not know that they have the right to do this. Representative Murphy suggested that the Committee should consider legislation to require closing agents to provide closing documents to borrowers 48 hours before the closing, regardless of whether the borrower requests the documents.

(D) After the discussion of regulatory and legislative measures to combat mortgage foreclosures, Senator Lawson asked Sherry Seiwert, Executive Director of the Indiana Housing and Community Development Authority (IHCDA), to discuss solutions involving consumer education.[6] Ms. Seiwert updated the Committee on the IHCDA's efforts to implement HEA 1753 (2007), which authorized the IHCDA to establish a program to provide free mortgage foreclosure counseling to homeowners. Ms. Seiwert announced that the IHCDA would launch the Indiana Foreclosure Prevention Network on October 26, 2007. According to Ms. Seiwert, the Network is designed to provide resources to homeowners facing a crisis that threatens their ability to meet an ongoing mortgage obligation. These homeowners will have access to the Network's resources through a toll-free telephone hotline and a website administered by Momentive Consumer Credit Counseling, an Indiana company.

Ms. Seiwert noted that the hotline will be staffed 12 hours each day, seven days a week, and the website will be accessible continuously. Whenever possible, hotline counselors will assist homeowners over the phone. However, if more extensive assistance is needed, counselors will refer a homeowner to a "certified foreclosure intervention specialist." Ms.

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[5] See Exhibit 3.

[6] See Exhibit 4.

Seiwert reported that the Indiana Association for Community Economic Development (IACED) has recruited and trained counselors from over 20 organizations to serve as such specialists. Serving as intermediaries between homeowners and lenders, the foreclosure intervention specialists will work to obtain forbearance, a refinancing, or a short sale in order to avert foreclosure.

Noting that the Roman BrandGroup has been retained to develop a targeted public awareness campaign, Ms. Seiwert predicted that at least 30,000 homeowners would access the hotline and website during the program's first year. The IHCDA's goal is to save 5,000 Indiana families from foreclosure during this same period.

(E) Christie Gillespie, Executive Director of IACED, explained IACED's role in training housing counselors to become certified foreclosure intervention specialists for the Indiana Foreclosure Prevention Network. Ms. Gillespie provided Committee members with a list of the 17 agencies that will provide counselors to assist homeowners in resolving mortgage delinquency or foreclosure issues.[7] She explained that many of the listed agencies cover several counties in different regions of state. All of the agencies have sent housing counselors to a series of four trainings sponsored by the IHCDA and coordinated by IACED. Ms. Gillespie pointed out that the list provided to Committee members includes the names of the counselors who have completed one or more of the several trainings.

Ms. Gillespie also distributed a summary of example cases in which IACED housing counselors have assisted homeowners in avoiding foreclosure.[8] For each case described, the summary indicates the number of hours of counseling provided, how the services were provided (e.g., by phone or in person), the total cost for the services, and the annual property taxes on the properties involved.

(F) June Lyle, Interim State Director for AARP Indiana, described AARP's efforts to educate its members about avoiding foreclosure and the various types of housing fraud, including home repair fraud. She noted that medical costs often destabilize older people's finances, leaving the elderly with less money for housing expenses.

Ms. Lyle acknowledged that important consumer protections were enacted with the passage of HEA 1753 (2007), which established a program to provide free mortgage foreclosure counseling, and HEA 1717 (2007), which gave the Securities Commissioner increased authority to regulate loan brokers. However, Ms. Lyle argued that further measures are needed to prevent foreclosures and to protect consumers from predatory lending. For example, she encouraged legislators to provide additional funding for the mortgage foreclosure counseling program established by the IHCDA under HEA 1753. While expressing appreciation for the $400,000 in funding provided in 2007, Ms. Lyle noted that a legislative committee in Ohio has recommended appropriating $10 million for that state's foreclosure counseling program. Acknowledging that Ohio has both a higher foreclosure rate and larger population, Ms. Lyle nevertheless argued that Indiana's program would benefit from increased funding.

Ms. Lyle also recommended legislation to strengthen the Attorney General's ability to investigate suspected mortgage fraud and to enforce existing lending laws, including the ability to impose increased civil penalties in certain cases. Along with that, Ms. Lyle urged lawmakers to encourage regular information sharing among the agencies that regulate

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[7]See Exhibit 5.

[8]See Exhibit 6.

residential real estate transactions. Finally, Ms. Lyle expressed AARP's support for the legislative proposals recommended by the DFI.

(3) The impact of mortgage fraud and foreclosures on consumers:

(A) After the presentations on the various approaches to addressing the problems in the housing market, Senator Lawson asked for testimony on how these problems are impacting Indiana citizens. Chris Naylor, Securities Commissioner for the Office of the Indiana Secretary of State, introduced David and Phyllis Stinson, a Danville couple assisted by the Office's Prosecution Assistance Unit (PAU) after being victimized by a mortgage fraud scheme.

Ms. Stinson explained that in 2004, she and her husband had applied for a loan against the equity in their home, in order to obtain needed income after her husband's heart surgery and subsequent retirement. However, the loan broker they retained had, without their knowledge, falsified their income in applying for a loan on their behalf. This allowed the broker to obtain a loan that was much larger than the Stinsons would otherwise have qualified for. In return for providing a large upfront payment to the Stinsons, the broker had offered to make the loan payments to the lender on the Stinsons' behalf, on the condition that they provide him in advance with two years' worth of loan payments, which he claimed he would put into an escrow account on their behalf. When the broker failed to make payments on the loan as promised, the Stinsons were liable for the amounts owed. However, after paying medical bills and the advance loan payments demanded by the broker, the Stinsons could not afford to make the payments on the loan. In trying to refinance the loan, they discovered that it had been sold three different times. They also discovered that the broker had absconded with the funds they had advanced to him.

Ms. Stinson credited Charles Williams, a PAU investigator, with helping to obtain the arrest of the broker. In addition, Mr. Williams helped the Stinsons work out an arrangement with the lender that allowed them to keep their home. However, Ms. Stinson reported that the couple had to declare bankruptcy along the way and is still working to pay off the debt.

(B) Steven Sharp, Staff Attorney for Indiana Legal Services (ILS) in Bloomington, described his work in defending low-income borrowers in foreclosure cases.

First, Mr. Sharp reported that many of his clients have defaulted on their loans because the loan originator never analyzed the client's ability to repay the loan. He argued that it is crucial for originators to determine the borrower's ability to make payments based on the borrower's stable sources of income, rather than on temporary or unstable sources of income, such as seasonal compensation or overtime. He also maintained that fewer of his clients would be facing foreclosure if the loan originators had considered the borrower's ability to repay the loan over the life of the loan, and not just during the low-interest introductory period.

Second, Mr. Sharp suggested that his clients have been harmed by aggressive sales tactics used by lenders and brokers. According to Mr. Sharp, originators are often offered incentives to close loans, and then receive commissions based on the amount of the loan. These originators receive their commissions when the loan closes, regardless of whether the borrower ever makes a single payment on the loan after the closing. As a result, the originator has no incentive to ensure that the loan product is suitable for the borrower based on repayment ability. As an example of how lenders encourage brokers to originate loans, Mr. Sharp distributed a recent flier from a wholesale lender.[9] Targeted at brokers, the flier promotes stated-income loans, cash-flow option ARMs, and loans with a 1% minimum payment rate.

Third, Mr. Sharp noted that loan servicing practices contribute to the difficulties faced by his clients. He explained that when loans are constantly sold and assigned, or contracted out to separate servicing companies, borrowers are often forced to deal with remote call centers when attempting to work out payment arrangements with lenders. Additionally, the information given to borrowers by a servicer's customer service representatives is often different from the information provided by the servicer's attorneys.

Finally, Mr. Sharp outlined several measures that could help his clients. While commending the IHCDA and other agencies for their consumer counseling programs, he suggested that borrowers are also in need of legal services, especially at closings and in foreclosure proceedings. Noting that lenders are almost always represented by counsel, he argued that borrowers, who often lack financial acumen, deserve legal representation as well.

Mr. Sharp also described recent efforts in Ohio, Pennsylvania, and North Carolina to protect consumers and hold brokers accountable for the loans they originate. For example, he pointed to North Carolina's HB 1817, which was enacted in August and makes a loan broker jointly and severally liable with the lender for issuing a loan that violates the state's mortgage lending act. He also mentioned Pennsylvania's Homeowners' Emergency Mortgage Assistance Program (HEMAP), which assists homeowners who are delinquent on their mortgage due to a financial crisis. The program requires lenders to send such borrowers a notice advising them of imminent foreclosure and the availability of assistance under HEMAP. A 30-day temporary stay is then placed on any foreclosure proceedings to give the homeowner an opportunity to apply for emergency mortgage assistance under the program. Similarly, Ohio has established the Opportunity Loan Refinancing Program to assist homeowners unable to make payments on their current mortgages. The program allows borrowers to refinance their existing loans into 30-year, fixed rate loans.

Having highlighted these approaches from other states, Mr. Sharp urged the Committee to consider amending Indiana's Deceptive Consumer Sales Act to include certain practices common in the mortgage industry. He then concluded his remarks by distributing a list of mortgage-related resources and citations to other states' laws.[10]

(4) Committee recommendations:

At the conclusion of the formal testimony, Senator Lawson invited Committee members to share their recommendations for the Committee's final report.

Representative Burton offered a proposal to create a licensing commission that would oversee the licensing and regulation of mortgage brokers and lenders. He suggested using the Indiana Real Estate Commission as a model for the commission's organization, with representatives from each of the state's Congressional districts. The new commission would fall under the jurisdiction of the DFI or the Securities Commissioner.

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[9]See Exhibit 7.

[10]See Exhibit 8.

Representative Burton further recommended increasing the criminal penalties for fraudulent mortgage transactions.

Representative Murphy offered a number of suggestions, including legislation to do the following: (1) require closing agents to apply for the homestead exemption on behalf of borrowers; (2) require lenders to offer forbearance to borrowers before initiating foreclosure proceedings; (3) increase funding for the homeowner protection efforts of the IHCDA and the Attorney General; (4) require information sharing among the various agencies involved in regulating home loan transactions; and (5) provide state tax incentives for lenders who incur costs in providing home ownership education.

Representative Bardon also proposed developing a formalized procedure for information sharing among the various regulatory agencies. He further recommended making closing agents responsible for collecting and providing to the state certain information about each real estate transaction closed in Indiana.

Finally, Senator Lanane suggested requiring a uniform disclosure for ARMs. The form would include information on both the highest interest rate possible under the loan and the highest possible monthly payment under the loan.

Senator Lawson instructed legislators to communicate any additional recommendations to the Committee's staff attorney before the Committee's meeting on October 30, 2007. She announced that the Committee would be reviewing and voting on a final report at that meeting. There being no further business, the meeting was adjourned at 1:20 p.m.